

U.S. ARMY CONTRACTING AGENCY



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Army Purchase Card Update



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April 20, 2005*



Army Purchase Card Program

Agenda:

- Statistics
- Audit
- Announcement
- What's New?

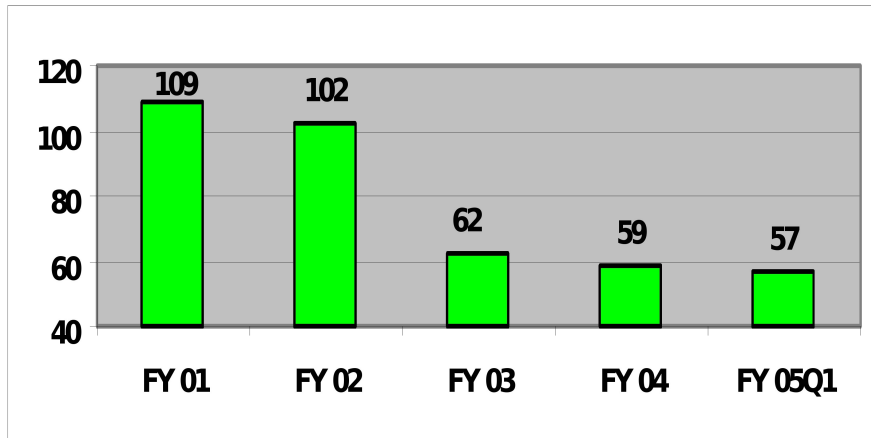


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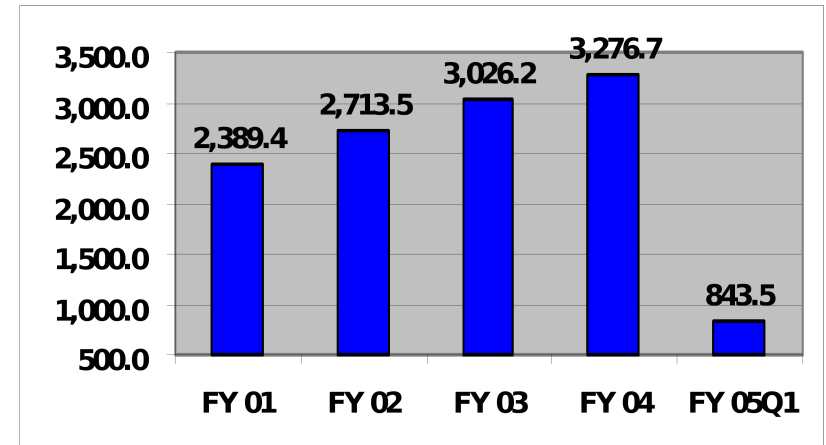


Army Purchase Card at a Glance

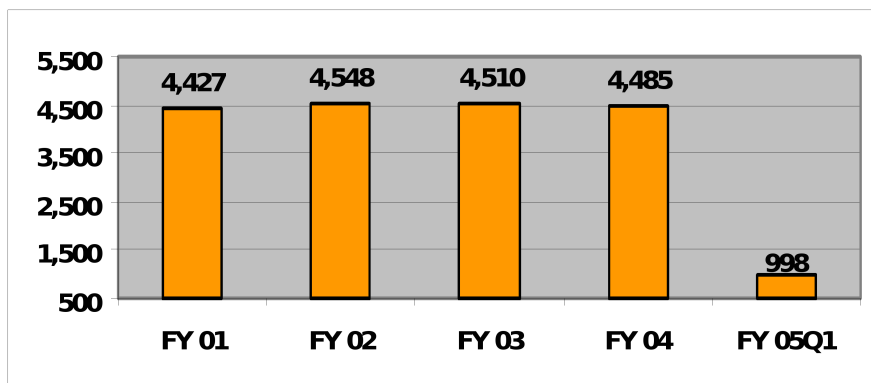
FY01-05Q1 Cardholders (K)



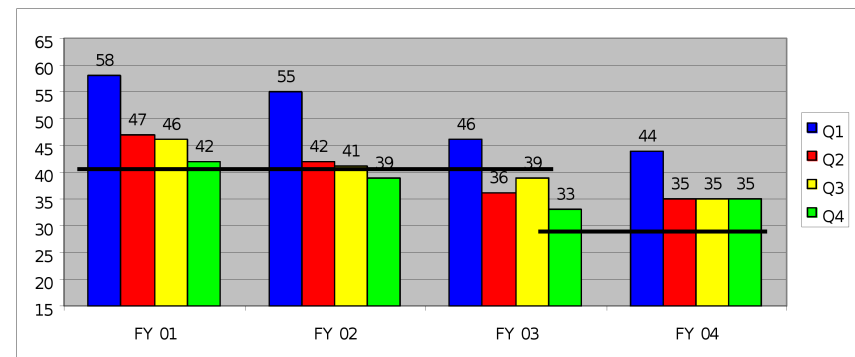
FY01-05Q1 Purchases (\$M)



FY01-05Q1 Annual Transactions (K)



**FY01-04 Average File Turn
(Days after billing +15)**



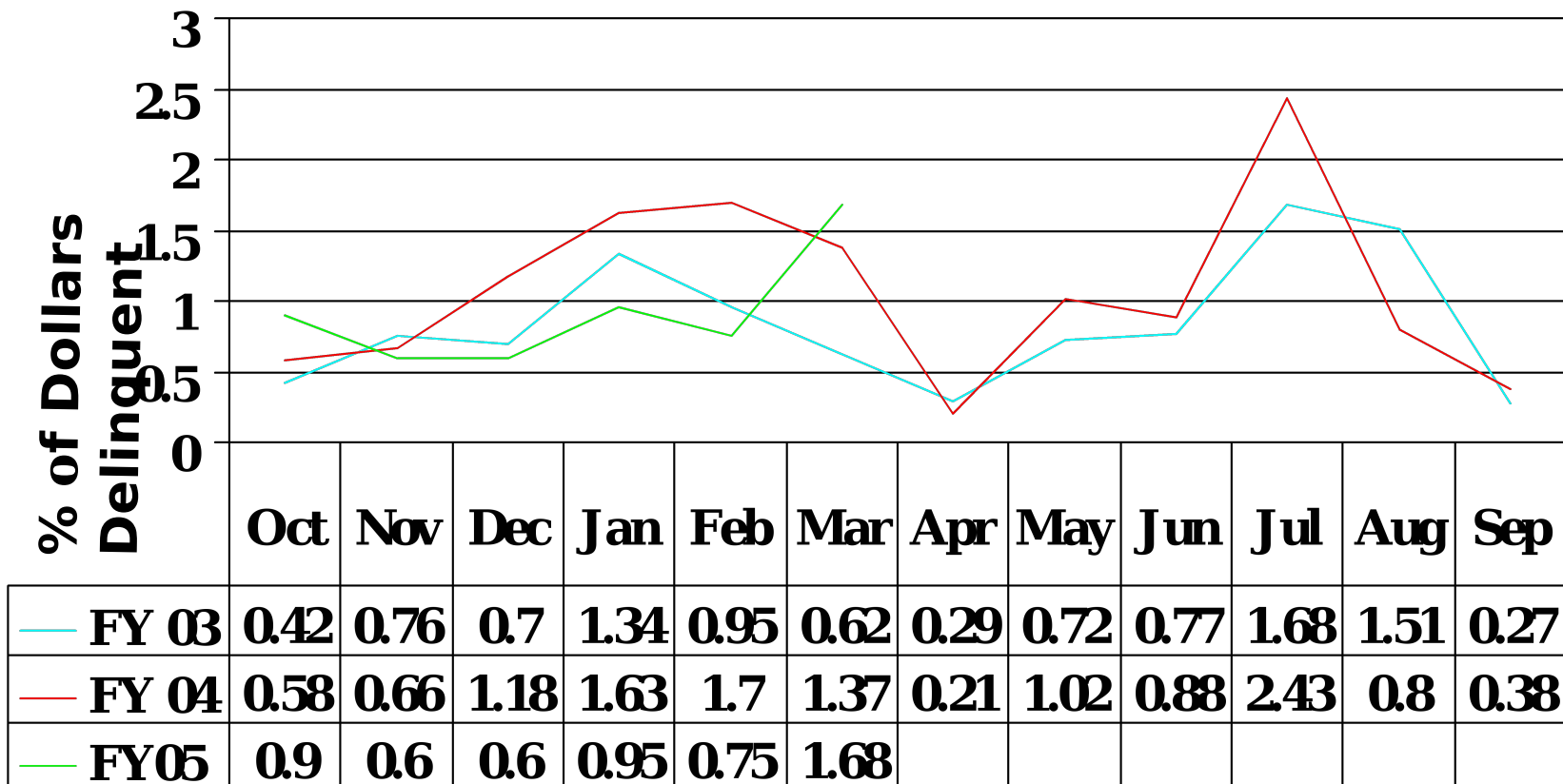
FY01-02 Standard - 40 days FY03-04 Standard - 28 days

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Delinquencies

(Delinquencies Past Due 60 Days +)



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Delinquency Challenges

- GSA provides OSD Chief Financial Officer Counsel (CFO) a monthly delinquency report:
 - CFO measures after 31 days (cycle)
 - DoD PMO measures after 60 days (30 days to pay)
 - US Bank revises reports for consistency
 - DoD PMO takes more pro-active measures
 - Issue policy letter for better monitoring
 - Automatic cancellation of account if action is not taken



Army Purchase Card Program

Rebates FY 01-04

Qtr	Rebates				FY 04 Potential*	FY 04 Lost
	FY 01	FY 02	FY 03	FY 04		
1st	\$1.6	\$2.6	\$3.3	\$4.5	\$7.0	\$2.5
2nd	\$3.0	\$3.5	\$5.2	\$5.5	\$7.5	\$2.0
3rd	\$3.1	\$4.0	\$4.8	\$5.4	\$7.3	\$1.9
4th	\$4.2	\$5.3	\$6.5	\$7.1	\$9.0	\$1.9
Totals:	\$11.9	\$15.4	\$19.8	\$22.5	\$30.8	\$8.3

* To obtain maximum potential rebate -- payments made to US Bank 8 days after the e



Rebate Issues

- DCAA audited US Bank's rebate process:
 - Formula did not match master contract requirement.
 - PMO requested calculation process change
 - Conformance to DoD Task Order against Master Contract.
- FY05 1st quarter rebates reflect new formula approved by DCAA



New Rebate Changes

- Calculated at the company level (level 5)
- New definition and formula to calculate file turn
- File turn and delinquency are two different measures
- Purchases at end of billing cycle carried forward to current cycle (Impact file turn)
- File turn exceeds 60 days results in no longer receiving incentives for quick payments



Army EDI-Enabled Accounts

- 24,183 total managing accounts as of Feb 05
- 21,665 (90%) EDI- enabled
 - EDI allows electronic certification
 - Not EDI - Corps of Engineer, contract payment, Chief of Chaplain
- Army's goal is for all non-exempt accounts to be EDI-enabled



CID Cases

CID Cases Year to Date

	#OF CASES (ROI's)*	#OF CASES UNFOUNDED**	EST. \$ LOSS	\$ SPENT	% OF \$ LOSS
TOTAL	9	0	\$564,199.63	\$4,120,187,400.00	0.01%

* Report of Investigation
*~~ROI~~ Evidence of Crime

NOTE: 2 cases were identified as
unable to determine loss at this time

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CID Cases 1st Quarter FY05

- CID Cases 1 Qtr 05 (Sep 2004 – Dec 2004):
 - 2 Cases initiated
 - \$127,263.86 false quotations and excessive payment.
 - \$1,920.60 fraudulent purchases
 - Commanders were notified in both cases
 - First case in which the US Justice Department has initiated Federal grand jury proceedings
 - Second case is pending further actions



Audit Announcement

- DODIG Announcement of New Audit – DOD Charge Card Programs (D2005CK – 0132)
- Conducting research in the areas of purchase cards, travel cards, and fleet cards to determine who will be audited
- ASA(ALT) has lead with assistance from ASA(FM&C) and G-4
- Research began March 2005 and terminate calendar year 2005



What's New?

- DoD Charge Card Task Force Update:
 - Risk Assessment Tool/Data Mining Tool
 - RFP issuance March 2005 with estimated award date of June 2005.
 - OMB Circular:
 - Published in Federal Register for 30 comment period on February 25, 2005
 - Credit worthiness requirement will require credit checks on new cardholders
 - DOD PMO will request waiver for credit checks and pursue self-certification process



Questions?

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